

### Earnings of Husbands and Wives in Dual-Earner Families

How important is a wife's earnings?

To what extent is a wife in a dual-earner family the primary earner? Between 1970 and 1993, dual-earner couples rose from 39 to 61 percent of all married couples. Data also showed that married women's participation in the labor force increased substantially, moving from 35 percent in 1966 to 61 percent in 1994. During the same period, the participation rate for married women with children less than 3 years old was even more dramatic, rising from 21 to 60 percent. Thus these trends show that dual-earner couples are replacing the traditional married-couple model of a "breadwinner" husband and a "homemaker" wife. This research has implications regarding the wife's earnings and the role she assumes in decision-making about family finances and career choices. It is believed that at least in some families, the greater the wife's relative earnings, the more control she is likely to have over family financial decisions.

This report examines husbands' and wives' relative labor-market earnings to provide insight on the status of women in dual-earner families. Three types of wages were compared: Hourly, annual, and median weekly "career." In this study, husbands and wives were placed in 1 of 42 "career" categories, including such occupations as engineers, secretaries, and construction trades. Then the husband and wife were each assigned the median weekly earnings figure that corresponded to their occupation based on the Bureau of Labor Statistics' periodical *Employment*

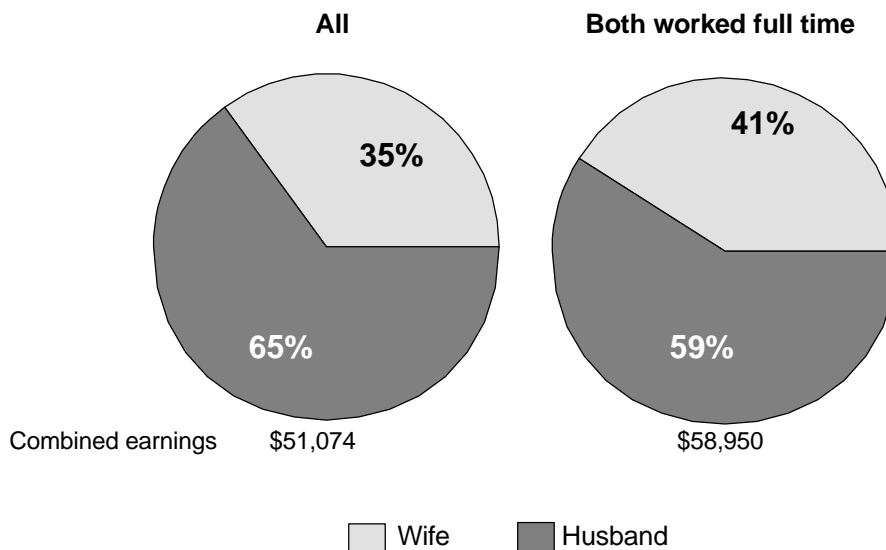
*and Earnings* (January 1993). This report on dual-earner couples also examines whether "positive assortative mating" is related to the education of dual-earner couples, as well as to their earnings and wages. Assortative mating refers to the belief that husbands and wives do not randomly pair together but rather tend to follow a process referred to as "positive assortative mating"—that is, more highly educated, higher wage men tend to pair with more highly educated, higher wage women; while less educated, lower wage men tend to pair with less educated, lower wage women.

The sample, drawn from the March 1993 Annual Demographic File of the Current Population Survey (CPS), consisted of matched pairs of husbands and wives and was weighted to reflect the population. The 21.9 million dual-earner couples were ages 25 to 64, and both spouses were wage or salary workers who had positive earnings in 1992. Husbands and wives with farm or self-employment income were not included. Also, the sample was restricted to those with computed hourly wages of \$100 or less because of the topcoding in the CPS.

#### Marital Sorting, Educational Attainment, and Wages

"Positive assortative mating" is related to dual-earners' education and combined 1992 wage and salary earnings from all jobs worked. About 50 percent of husbands in dual-earner couples had the same level of education as the wives. Furthermore, in 78 percent of all dual-earner couples, the husband had the same or more education than the wife had, probably reflecting both gender differences in educational attainment and social custom. In contrast, nearly 30 percent of husbands and wives in dual-earner couples had individual

## Distribution of combined mean annual earnings of dual-earner couples, March 1993



wages in the same quintile. In about two-thirds (64 percent) of dual-earner couples, the husband's wage was in the same or higher quintile as the wife's wage. Also, findings showed that assortative mating had a clear influence on the combined earnings among dual-earner couples. For both the husband and wife with wages in the lowest quintile, the combined average earning was \$17,936 per year. For dual-earner couples—both with wages in the highest quintile—the average combined earning was \$97,324 per year.

### Relative Wages and Earnings of Husbands and Wives

Higher percentages of wives in dual-earner couples earned more than their husbands based on median weekly career wages, followed by hourly wages and annual wages. Comparisons of *median weekly career* wages showed that, overall, 33 percent of the wives in dual-earner couples earned more than

their husbands. Sixty-three percent earned more than their husbands when the husbands' career wage was in the first quintile; 29 and 6 percent earned more than their husbands when the husbands' wage was in the third and fifth quintile, respectively. The wives' weekly "career" wages were \$415, \$440, and \$529, and the husbands' weekly "career" wages were \$322, \$505, and \$756 for the first, third, and fifth quintiles, respectively. Data constraints, however, explain partially some wage differences. The husband's wage was topcoded; whereas, the wife's wage was not.

Overall, 25 percent of the wives had higher average *hourly* wages than their husbands had in 1992. However, as husbands' average hourly wages increased, wives' average hourly wages were less likely to outpace that of husbands'. Fifty-seven percent of the wives earned more than the husbands whose wages were in the first quintile, compared with 21 percent whose husbands' hourly

wages were in the third quintile, and 7 percent for those wives whose husbands had hourly wages in the fifth quintile. The wives' mean hourly wages were \$8.09, \$10.36, and \$13.45, and the husbands' mean hourly wages were \$6.06, \$13.67, and \$28.14 for the first, third, and fifth quintiles, respectively.

One-fifth (20 percent) of the wives in dual-earner couples had an annual earning that exceeded that of their husbands. Among these dual-earner couples, over half (55 percent) of the wives earned more than the husbands when the husbands' income was in the first quintile. When the husbands' income was in the third and fifth quintiles, the percentage of wives earning more than the husbands dropped: 14 and 2 percent, respectively. For the first, third, and fifth quintiles, respectively, the wives' mean annual earnings were \$14,469, \$18,141, and \$21,732; the husbands' mean annual earnings were \$10,085, \$29,492, and \$62,810.

Results also showed that for all dual-earner couples, wives' average annual earnings were a little more than one-third of combined earnings; for dual-earner couples where both spouses worked full time and year round, wives' earnings made up about two-fifths of the annual combined earnings (figure). On average, a wife whose husband's annual earnings were in the fifth quintile contributed 26 percent to combined earnings. In contrast, a wife whose husband's annual earnings were in the first quintile contributed 59 percent to combined earnings.

Source: Winkler, A.E., 1998, Earnings of husbands and wives in dual-earner families, *Monthly Labor Review* 121(4):42-48.